BOVAR Inc.

Annual Report
2001

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The **Annual Meeting of Shareholders** of BOVAR Inc. will be held in the
Glen 204 Room of the Telus Convention Centre
120 - 9th Ave. SE, Calgary, Alberta,
on **Thursday, May 30, 2002 at 10:00 a.m.**

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HIGHLIGHTS

- Payment of dividend of $15.7 million.
- Malaysian operation continues to perform well and in 2001 expanded the range of services provided.

FINANCIAL HIGHLIGHTS

As at December 31

(thousands of dollars except per share data)		2001		2000
OPERATING RESULTS				
Revenues	$	3,392	$	37,703
Operating income		434		1,374
Net income for the year		1,420		7,988
Per share – net income		0.02		0.10
Cash provided by (used by) operations		1,181		(6,758)
FINANCIAL POSITION				
Working capital	$	5,352	$	19,642
Total assets		9,994		32,093
Shareholders' equity		7,571		21,815

MESSAGE TO SHAREHOLDERS

BOVAR's operations for 2001 were significantly reduced as a result of the disposal of the Swan Hills Waste Treatment Facility on December 31, 2000.

The Corporation's Malaysian joint venture, which performs air and water quality monitoring for the whole country of Malaysia, continued to perform well with significantly increased net earnings over 2000 based on similar revenues.

In addition to performance pursuant to its concession agreement, which continues for another 13 years, the Malaysian joint venture secured additional river cleaning, wetland and lake monitoring projects, as well as performed stack sampling of a significant number of industrial sites.

BOVAR continues to use its proprietary technology to pursue chemical demilitarization projects and has been short-listed for a contract in Asia.

Revenues for the year declined 91% to $3.4 million. Direct and indirect operating expenses decreased 96% to $0.9 million. Net income for the year was $1.4 million ($0.02 per share), compared to $8.0 million ($0.10 per share) in 2000. However, cash flow provided by operations was $1.2 million, compared to a net outflow of cash in 2000 of $6.8 million.

In July 2001, the Corporation paid a dividend of $0.20 per share, amounting to $15.7 million.

BOVAR continues to have working capital in excess of $5.3 million and considered many potential new business combinations during the year. Although a suitable business arrangement was not consummated in 2001, BOVAR entered into a Pre-Merger Agreement with Orbus Life Sciences Inc., a private pharmaceutical company, subsequent to year end. The merger is subject to a number of conditions.

Orbus is a pharmaceutical business that has been in operation since February 1, 2000. Orbus currently conducts a trading business in fine chemicals as well as an export pharmaceutical manufacturing operation in Brampton, Ontario. Orbus has acquired a 10,000 sq.ft. dedicated Cephalosporin (antibiotic) facility in Cambridge, Ontario and is soon to commence operations at the facility.

Orbus has also acquired a 20,000 sq. ft. facility in Markham, Ontario. The facility will be equipped and certified to manufacture and develop oral dosage pharmaceuticals. Orbus requires funding in the $4 to $5 million range in order to complete the facility and utilize 30 of its 130 existing Drug Identification Numbers, as well as to produce product for other pharmaceutical companies.

Franklin T. Bailey,
President and CEO

Jeffrey J. McCaig,
Chairman of the Board

REVIEW OF OPERATIONS

Malaysian Joint Venture

BOVAR holds a 23.75% interest in Alam Sekitar Malaysia Sdn. Bhd. (ASMA) which provides air and water quality data to the Malaysian Department of Environment and other clients. ASMA has met its equipment requirements under the Concession Agreement with the Government of Malaysia. During 2001, ASMA expanded the range of services it provides to include manual stack testing and river cleaning, wetland and lake monitoring projects.

Total ASMA revenues remained consistent at $10.9 million in 2001 and 2000. Net income in 2001 increased to $2.9 million, compared to $1.3 million in 2000. BOVAR's share of ASMA's revenues for 2001 and 2000 were $2.6 million. BOVAR's share of ASMA net income was $0.7 million, compared with $0.3 million in 2000. The increase in net income is a result of lower staff and finance costs and income tax provision.

Chemical Demilitarization Project

During 1999, BOVAR reached the final phases of its contract with the US Army for design, construction and commissioning of a chemical warfare neutralization facility in Utah. The US Army has delayed commissioning and operation of the facility for a prolonged period of time. In late 2000, BOVAR requested, through its subsidiary Chem-Security Ltd., that the contract be terminated for convenience because of the uncertainty around the timing of commissioning and operations. This request was approved in 2001.

Swan Hills Treatment Centre

On December 31, 2000, BOVAR completed the transfer of the Swan Hills Treatment Centre to the Province of Alberta.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

BOVAR's objectives for 2001 were to maximize shareholders' value in its existing business and look for alternatives to increase value from its cash and tax position.

BOVAR continues to hold a 23.75% interest in a Malaysian joint venture. The joint venture provides air and water monitoring services under a concession agreement with the Government of Malaysia and other third parties.

Continued and indefinite delays by the US Army relating to a contract for the commissioning and operation of a chemical warfare neutralization facility in Utah had resulted in small negative returns to BOVAR. Therefore, BOVAR requested and successfully obtained a completion settlement agreement.

Revenues

Revenues declined 91.0% to $3.4 million in 2001 from $37.7 million in 2000. The decline reflects the transfer of the Swan Hills Treatment Centre to the Province of Alberta effective December 31, 2000.

Our Malaysian joint venture continues to perform well, with revenues steady at $2.6 million in 2001 and in 2000.

Revenues for the years ended December 31, 2001 and 2000 are as follows:

(millions of dollars)	**Total 2001**	**Total 2000**
Alberta generated waste	$ -	$ 7.3
Extra-provincial generated waste	-	13.4
Amortization of deferred revenues	-	14.0
ASMA	2.6	2.6
Chem Security Ltd.	-	0.1
Sundry	0.8	0.3
	$ 3.4	**$ 37.7**

Operating Expenses

Overall, expenses declined as a result of the disposal of the Swan Hills Waste Treatment Facility. Direct and indirect operating expenses decreased 95.8% to $0.9 million from $21.3 million in 2000. Administrative and selling expenses decreased 67.3% to $1.7 million from $5.2 million in 2000. Depreciation and amortization expenses decreased by 95.9% to $0.4 million from $9.8 million in 2000.

Financing

BOVAR does not have any outstanding operating lines of credit or any other financial debt.

Restructuring Costs

Restructuring costs of $3.8 million were recorded in 2000 and included severance and personnel costs, termination of leases and contracts, storage, legal and other costs relating to ceasing operations at the Swan Hills Treatment Centre. At December 31, 2001, $0.9 million remained unpaid pending final resolution.

Income Taxes

The net 2001 income tax recovery of $23,000 resulted from a recovery of Canadian large corporation taxes of $362,000 (2000 – $1,026,000 expense), partially offset by joint venture current income tax expense of $272,000 (2000 - $218,000) and future tax expense of $67,000 (2000 - $317,000). At December 31, 2001, BOVAR had Canadian tax losses to be carried forward of approximately $67.6 million.

Net Income

Net income for the year was $1.4 million ($0.02 per share) compared to $8.0 million ($0.10 per share) in 2000. The decrease reflects the reversal of the deferred revenue after write down of assets associated with ceasing operations at the Swan Hills Treatment facility being recorded in 2000.

FINANCIAL RESOURCES AND LIQUIDITY

Operations

Cash provided by operations was $1.2 million compared to cash used in operations of $6.8 million in 2000. The change to cash provided by operations reflects BOVAR's disposal of the Swan Hills Treatment Centre on December 31, 2000 due to its inability to generate positive cash flows.

Cash used in working capital for 2001 was $1.5 million compared to cash provided of $3.4 million in 2000. Cash used was comprised of payments on accounts payable and accrued liabilities totalling $7.9 million and additions to inventory of $0.1 million. These were partially offset by collections of accounts receivable of $6.5 million.

Investing Activities

Capital expenditures of $0.1 million related to our Malaysian joint venture for 2001, compared to $0.4 million in 2000. In addition, BOVAR sold housing units and equipment in 2001 for net proceeds of $0.2 million compared to $1.2 million in 2000.

Dividend

During 2001, BOVAR declared and paid a dividend out of surplus cash. The total dividend was $15,708 million or $0.20 per share.

OUTLOOK

BOVAR continues to look for improvement in shareholder value through its ownership in ASMA and alternative investment in a new business.

RESPONSIBILITY FOR INTEGRITY OF THE FINANCIAL STATEMENTS

The consolidated financial statements are the responsibility of management. They have been prepared in accordance with accounting principles generally accepted in Canada, consistently applied, using management's best estimates and judgements, where appropriate. Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other information contained in this annual report. In the preparation of these statements, estimates are sometimes necessary, as a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying consolidated financial statements.

Management is also responsible for a system of internal control which is designed to provide reasonable assurance that assets are safeguarded and accounting systems provide timely, accurate financial reports.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee of the Board, which is composed of three outside directors. The Committee meets with management and the auditors to satisfy itself that responsibilities are properly discharged and to review the financial statements.

The financial statements have been audited by PricewaterhouseCoopers, and their report is contained herein.

Franklin T. Bailey
President and
Chief Executive Officer

AUDITORS' REPORT

To the Shareholders of BOVAR Inc.

We have audited the consolidated balance sheets of BOVAR Inc., as at December 31, 2001 and 2000, and the consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Calgary, Alberta, Canada
March 21, 2002

PricewaterhouseCoopers LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEET
At December 31

(thousands of dollars)		**2001**		**2000**
ASSETS				
Current Assets				
Cash and short-term investments	$	5,811	$	21,487
Accounts receivable		1,889		8,432
Inventories		75		1
		7,775		29,920
Capital Assets (Note 3)		2,189		1,948
Other Assets		30		225
	$	9,994	$	32,093

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities				
Accounts payable and accrued liabilities	$	2,039	$	9,961
Future Income Taxes (Note 6)		384		317
		2,423		10,278
Shareholders' Equity (Note 4)				
Common shares		45		1
Retained earnings		7,526		21,814
		7,571		21,815
Contingencies and Commitments (Note 5)				
	$	9,994	$	32,093

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Director

R. G. Ashforth
Director

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For The Years Ended December 31

(thousands of dollars except per share data)		**2001**		**2000**
Revenues	$	3,392	$	37,703
Operating Expenses				
Direct and indirect		918		21,322
Administrative and selling		1,672		5,231
Depreciation and amortization		368		9,776
		2,958		36,329
Operating Income		434		1,374
Interest Income		848		1,133
Write-down of Swan Hills Treatment Centre (Note 2)		-		(33,635)
Reversal of Deferred Revenue (Note 2)		-		44,026
Restructuring Costs (Notes 2 and 5)		-		(3,785)
Gain on disposal of Fixed Assets		115		436
Income from Operations Before Income Taxes		1,397		9,549
Income and Capital Taxes (Note 6)		23		(1,561)
Net Income for the Year	$	1,420	$	7,988
Retained Earnings at Beginning of Year		21,814		13,826
Dividends		(15,708)		-
Retained Earnings at End of Year	$	7,526	$	21,814
Net Income Per Share - Basic and Diluted	$	0.02	$	0.10

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Years Ended December 31

(thousands of dollars)		2001		2000
Cash Provided by (Used In) Operating Activities				
Net income from operations	$	1,420	$	7,988
Add non-cash items:				
Depreciation and amortization		368		9,776
Amortization of deferred revenues		-		(14,012)
Write-down of Swan Hills Treatment Centre		-		33,635
Reversal of deferred revenues		-		(44,026)
Gain on disposal of capital assets		(116)		(436)
Gain on disposal of joint venture capital assets		(558)		-
Future income taxes		67		317
Cash provided by (used in) operations (Notes 6 and 9)		1,181		(6,758)
Change in non-cash working capital		(1,453)		3,351
		(272)		(3,407)
Investing Activities				
Capital expenditures		(130)		(386)
Proceeds from sale of capital assets		211		1,157
Decrease in other assets		179		117
		260		888
Financing Activities				
Dividends paid		(15,708)		-
Issuance of common shares		44		-
		(15,664)		-
Net Cash Decrease		(15,676)		(2,519)
Cash and Cash Equivalents at Beginning of the Year		21,487		24,006
Cash and Cash Equivalents at End of the Year	$	5,811	$	21,487

The accompanying notes are an integral part of these financial statements.

Change in non-cash working capital

(thousands of dollars)		2001		2000
Accounts Receivable	$	6,543	$	1,359
Inventories		(74)		884
Accounts Payable and Accrued Liabilities		(7,922)		2,763
Deferred Revenue - unprocessed waste		-		(1,655)
	$	(1,453)	$	3,351

Additional cash flow disclosures

(thousands of dollars)		2001		2000
Cash paid for				
Income taxes	$	289		-
Large corporation tax		41		806
Non-cash transactions				
Reversal of accruals		-		1,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
These consolidated financial statements include the accounts of BOVAR Inc. and all of its subsidiaries. The Corporation's joint venture activities have been proportionately consolidated.

Use of Estimates
The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent amounts and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Foreign Currency Translation
The Corporation translates foreign currency denominated transactions and the financial statements of operationally dependent foreign operations using the temporal method. Monetary assets and liabilities are translated at year-end rates. Non-monetary assets and liabilities are translated at rates in effect on the dates of the transactions. Income and expenses are translated at average rates in effect during the year with the exception of amortization, which is translated at historic rates. Exchange gains and losses on translation of current monetary items are reflected in income immediately.

Cash and Cash Equivalents
The Corporation considers cash equivalents to be highly liquid investments and investments with a maturity of three months or less at the date of purchase.

Capital Assets
Capital Assets are recorded at cost and amortized by the straight-line method at various rates based on the assets' estimated useful lives ranging from three to twenty years.

Inventories
Inventories are valued at the lower of cost and net realizable value.

Revenue Recognition
Revenues from current operations are recorded as services are provided.

As more fully described in Note 2, the deferred revenues that arose from the acquisition of the Province's 40% interest in the Treatment Centre were amortized over the remaining useful life of the capital assets of the Treatment Centre at the date of the acquisition. The transfer of the Treatment Centre at December 31, 2000, resulted in the recognition of the unamortized deferred revenue at December 31, 2000 to the income statement.

Future Income Taxes

Income taxes are accounted for using the liability method of income tax allocation. The standard requires the use of the asset and liability method of accounting for the tax effect of temporary differences between the carrying amount of assets and liabilities in the financial statements and their carrying amount for income tax purposes. Temporary differences arise when the realization of an asset or the settlement of a liability would give rise to either an increase or decrease in the Company's income taxes payable for the year or a later period. Future income tax liabilities or income tax recoveries are recorded at the income tax rates, which are expected to apply, when the future income tax asset or liability is realized. Income tax expense is the tax payable for the period and the change during the period in future income tax assets and liabilities. A valuation allowance is recorded to the extent there is uncertainty regarding realization of future tax assets.

Earnings Per Share

The company has retroactively adopted the treasury method of calculating earnings per common share and the adoption of this method had no net effect on the prior period.

Stock-based Compensation

No compensation expense is recognized for this plan when stock options are issued to employees and directors (Note 4). Any consideration paid by employees and directors on exercise of stock options is credited to share capital.

2. NATURE OF OPERATIONS

Disposal of the Swan Hills Waste Treatment Centre

On December 31, 2000, BOVAR Inc. (the "Corporation") ceased all core operations at the Swan Hills Waste Treatment Centre (the "Facility") and completed the transfer of the Facility to the Province of Alberta ("the Province") for a nominal amount, and the transfer of unprocessed waste, consumable supplies and other assets at book value. As a result:

- the net book value of the Facility's capital assets, including plant, equipment, employee housing and other assets, of $33.6 million at December 31, 2000 was written off to the income statement;
- restructuring costs, including severance and personnel costs, termination of leases and contracts, storage, legal and other costs relating to ceasing operations of approximately $3.8 million, were expensed of which $3.1 million was payable and included under current liabilities at December 31, 2000. The severance costs total $2.1 million;
- the unamortized deferred revenue of $44.0 million at December 31, 2000 was reversed and recognized in the income statement; and
- the deferred revenue relating to the inventory of unprocessed waste at December 31, 2000 of $2.8 million was classified under current liabilities as a payable to the Province. This payable was reduced by the book value of the consumables inventory of approximately $0.8 million and the book value of other assets of approximately $0.1 million at December 31, 2000 which were transferred to the Province at year end.

The Facility, a fully integrated waste management system, provided a full range of processes to treat and dispose of hazardous wastes. Prior to July 12, 1996, the Corporation held a 60% interest in the Facility, which it operated as a joint venture with the Province.

On July 12, 1996, the Corporation acquired, for a nominal amount subject to certain revenue sharing described below, the shares of a subsidiary of the Province which held the 40% interest in the Facility.

In addition to the capital assets, which had been valued at a nominal amount, the Corporation acquired approximately $128.8 million of liquid assets from which the subsidiary funded its obligations to the Facility and recorded deferred revenues of $118.4 million, working capital deficiency of $8.2 million and debt of $2.2 million. The deferred revenues were amortized into income over the remaining useful life of the capital assets at the date of acquisition, which was approximately seven years.

The Province, as additional purchase price, shared in the net income of the Facility at 10% in 1999 through 2003. For this calculation, net income of the Facility included operating income before amortization of deferred revenues, amortization of capital and other assets, reduced by a management fee not to exceed 5% of revenues and further reduced by a provision for income taxes calculated at a rate applicable to an Alberta-based public company.

The Corporation had the right to transfer the Facility to the Province any time after December 31, 1998, for a nominal amount.

The Province assumed responsibility for monitoring and remediation of all present and future closed landfill cells and maintained its responsibility for site closing, decommissioning and remediation of the facility and the site. The Corporation's responsibility for remediation is limited to proven damage caused by the Corporation breaching applicable statutes, regulations, licenses and government orders and directions while operating the Facility after June 30, 1995.

Other Operations

BOVAR's results include the operations carried through its 23.75% joint venture interest in a Malaysian company, Alam Sekitar Malaysia Sdn. Bhd. ("ASMA").

ASMA's operations principally consist of providing monitoring of ambient air and surface water in Malaysia. BOVAR's proportionate share in the results of ASMA are as follows:

(thousands of dollars)	December 31	
	2001	**2000**
Current Assets	$ 1,948	$ 1,553
Long-term Assets	2,167	2,374
Current Liabilities	525	1,088
Future Income Taxes	384	317
Revenues	2,600	2,562
Expenses	1,915	2,242
Net Income	685	320
Cash flows provided by operating activities	685	227
Cash flows used in investing activities	(130)	(243)

Revenues generated from ASMA are generally from one customer of the company and represent approximately 87% of the company's total revenue for 2001.

3. CAPITAL ASSETS

	2001		2000	
	Cost	Net Book Value	Cost	Net Book Value
Plant and equipment	$ 3,352	$ 2,044	$ 3,265	$ 1,697
Land and buildings	43	21	43	32
Office furniture and equipment	575	124	554	119
Assets held for sale	-	-	100	100
	$ 3,970	$ 2,189	$ 3,962	$ 1,948

As more fully described in Note 2, the Corporation transferred the Swan Hills Treatment Centre to the Province on December 31, 2000 for a nominal amount. The net book value of the capital assets transferred was written off.

4. SHAREHOLDERS' EQUITY

(a) Authorized Share Capital
   (i) an unlimited number of Class A, Class B, and Class C Preferred Shares without par value;
   (ii) 10,000,000 Class Z Preferred Shares without par value;
   (iii) an unlimited number of Non-Voting Convertible Shares without par value; and
   (iv) an unlimited number of Class "A" Common Shares without par value.

The preferred shares may be issued from time to time in one or more series. The Corporation's Board of Directors has the authority to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attaching to the shares of each series.

(b) Class "A" Common Shares
At December 31, 2001, there were 78,540,001 common shares issued for a total stated capital of $45,000, (2000 - 78,308,001 for $1,000). The change is a result of the exercise of 232,000 options for $44,000.

The weighted average number of common shares outstanding during the year was 78,468,490, (2000 – 78,308,001).

(c) Stock options
Stock options outstanding and exercisable at December 31, 2001 total 231,000, (December 31, 2000 – 2,917,400) with a weighted-average remaining term of 2.2 years (December 31, 2000 – 3.2 years) and a weighted average exercise price of $0.06 per common share. There were no options issued during 2001. During 2001, 232,000 options were exercised at a price of $0.19 each, and 2,454,400 options were forfeited.

5. CONTINGENCIES AND COMMITMENTS

As more fully described in Note 2, in 2000, the Corporation recorded restructuring costs of approximately $3.8 million in connection with ceasing all core operations at the Swan Hills Waste Treatment Centre at December 31, 2000, of which $0.9 million remained payable at year end, (2000 – $3.1 million).

The Corporation is involved in various other legal actions which have occurred in the ordinary course of business. Management is of the opinion that losses, if any, arising from such legal actions are either covered by insurance or would not have a material effect on these financial statements.

6. INCOME TAXES

At December 31, 2001, the company has future income tax assets of $35.3 million that have arisen from the tax effects of temporary differences relating to property, plant and equipment of $8.5 million and operating loss carryforwards of $26.8 million. Management has recorded a valuation allowance of $35.3 million for the total amount of the future income tax assets. The future income tax liability was generated from the joint venture and is a result of temporary difference relating to capital assets.

The provision for income tax expense reflects Canadian large corporation tax recovery of $362,000 (2000 – $1,026,000 expense), joint venture current income tax expense of $272,000 (2000 - $218,000) and future tax expense of $67,000 (2000 - $317,000).

The Corporation's non-capital losses carried forward expire as follows:

2002	$ 6,061
2003	8,047
2004	13,334
2005	10,547
2006	6,800
2007	3,134
Period ending 2008	19,678
	$67,601

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation's financial instruments are comprised of cash, short term investments, accounts receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to the short-term nature of the instruments.

Credit risk
The company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and short-term investments and accounts receivable. Cash and short-term investments are in place with major financial institutions.

Foreign currency risk
A portion of the company's business operations is in foreign jurisdictions, mainly through its joint venture. The company is subject to normal risk associated with fluctuation of the foreign currencies.

8. RELATED PARTY TRANSACTIONS

During the year, the Corporation, through its operating subsidiaries, paid nil (2000 - $0.7 million) to a significant shareholder for transportation services received in the ordinary course of business. In management's opinion, the cost of these services reflects market rates that would be paid by parties dealing at arm's length.

At December 31, 2001 non-interest bearing loans outstanding to shareholders, directors and officers were $0.1 million (2000 - $0.2 million).

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

SELECTED QUARTERLY INFORMATION

(unaudited)

(thousands of dollars except share and per share data)

	Quarter Ended March 31	June 30	Sep. 30	Dec. 31	Total Year
Year Ended December 31, 2001					
Revenues	$ 635	$ 668	$ 693	$ 1,396	$ 3,392
Operating income (loss)	(143)	(60)	130	507	434
Net income	97	165	157	1,001	1,420
Cash provided by operations	191	286	310	394	1,181
Weighted average number of shares outstanding (thousands)	78,368	78,396	78,444	78,468	78,468
Net income (loss) per share	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.02
Year Ended December 31, 2000					
Revenues	$ 7,198	$ 10,280	$ 7,981	$ 12,244	$ 37,703
Operating income (loss)	(870)	1,824	(904)	1,324	1,374
Net income (loss)	(652)	1,729	(1,489)	8,400	7,988
Cash provided (used) by operations	(1,530)	1,093	(2,296)	(4,025)	(6,758)
Weighted average number of shares outstanding (thousands)	78,308	78,308	78,308	78,308	78,308
Net income (loss) per share	$ (0.01)	$ 0.02	$ (0.02)	$ 0.11	$ 0.10

FIVE YEAR REVIEW

(unaudited)

(thousands except per share data)	2001	2000	1999	1998	1997*
Operations					
Revenues	$ 3,392	$ 37,703	$ 46,794	$ 67,570	$ 49,409
Operating expenses					
Direct and indirect	918	21,322	26,093	42,319	27,618
Administrative and selling	1,672	5,231	6,277	8,416	6,347
Amortization	368	9,776	10,087	9,846	11,181
	2,958	36,329	42,457	60,581	45,146
Operating Income	434	1,374	4,337	6,989	4,263
Interest income	848	1,133	905	1,752	1,868
Restructuring Costs	-	(3,785)	(1,874)	-	-
Write-down of assets	-	(33,635)	-	-	-
Reversal of deferred revenue	-	44,026	-	-	-
Gain on disposal of fixed assets	115	436	-	-	-
	1,397	9,549	3,368	8,741	6,131
Income tax expense (recovery)	(23)	1,561	37	184	242
Income from continuing operations	1,420	7,988	3,331	8,557	5,889
Loss from discontinued operations	-	-	-	3,607	923
(Gain) loss on disposal of discontinued operations, net of tax	-	-	-	(256)	685
Net income	1,420	7,988	3,331	5,206	4,281
Net income (loss) per share					
Continuing operations	0.02	0.10	0.04	0.11	0.07
Discontinued operations	-	-	-	(0.04)	(0.02)
Net income	0.02	0.10	0.04	0.07	0.05
Weighted average number of shares outstanding (thousands)	78,468	78,308	78,308	78,009	78,232
Cash Flow					
Cash provided by (used in)					
Continuing operations	1,181	(6,758)	(965)	2,486	(1,077)
Discontinued operations	-	-	-	(3,050)	751
Working capital change	(1,453)	3,351	15,906	(5,445)	(5,540)
Investing activities	260	888	(1,565)	10,109	2,581
Financing activities	(15,664)	-	-	(38,851)	(495)
Net cash provided (used)	(15,676)	(2,519)	13,376	(34,751)	(3,780)
Financial Position					
Working capital (excluding bank debt)	5,352	19,642	10,542	12,439	51,665
Total assets	9,994	32,093	82,265	102,083	148,446
Shareholders' equity	7,571	21,815	13,827	10,496	44,141

*These figures have not been reclassified to reflect discontinued operations.

CORPORATE INFORMATION

Board of Directors

R. Blake Ashforth (1)(2)(3)
Corporate Director and Consultant
Calgary, Alberta

Murrey Dubinsky, Q.C. (1)(2)(3)
President
Administrative Consultants Limited
Calgary, Alberta

Jeffrey J. McCaig (1)(2)(3)
President and
Chief Executive Officer
Trimac Corporation
Calgary, Alberta

(1) Corporate Governance and Risk Management Committee
(2) Audit Committee
(3) Human Resources Committee

Officers

Jeffrey J. McCaig
Chairman of the Board

Franklin T. Bailey
President and Chief Executive Officer

Principal Office Location

BOVAR Inc.
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Calgary, Alberta
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Fax: (403) 248-3306

Stock Exchange Listing

The Toronto Stock Exchange
Stock Symbol: BVR.A

Transfer Agent and Registrar

Computershare Trust Company of Canada
Calgary, Vancouver, Regina, Winnipeg, Toronto, Montreal

Auditor

PricewaterhouseCoopers LLP
Calgary, Alberta

For More Information

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